

**COMMITTEE ON FINANCE  
(Budget Deliberations)**

**May 4, 2004**

**5:15 PM**

Alderman O'Neil called the meeting to order.

Alderman O'Neil called for the Pledge of Allegiance, this function being led by Alderman Sysyn.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas (late), Guinta (late), Sysyn, Osborne, Porter, O'Neil, Lopez (late), Shea, DeVries, Garrity, Smith, Thibault, Forest

Messrs: Ronald Ludwig, Ronald Johnson, Frank Thomas, Tim Clougherty, Randy Sherman, Kevin Clougherty

Alderman O'Neil addressed Item 4 of the agenda:

Continuing discussions relative to the FY2005 Municipal Operating Budget as follows:

- a) Parks, Recreation & Cemetery (tab 22 in budget book); and

Ronald Ludwig, Director of Parks, Recreation and Cemetery, stated we will try to be as brief as possible. We are working from the Mayor's recommended budget and what I'd like to do is just highlight a few points that I think the Aldermen may be interested in hearing about. These are some general concerns that different members of the Board have had over the years in term of some of the things we try to accomplish for constituents in different wards throughout the City. Our department is broken into two separate budgets, the general fund budget, which includes parks and cemeteries work, there is crossover from those divisions into the enterprise account, who does work high school athletics and also for the most part Gill Stadium. Except for the present time under a different arrangement. Our

general fund budget is representative of about a 5.7 percent overall increase, salaries are up about 2.7 percent and operating is up about 5.32 percent. Just to highlight a few items in the general fund. Basically most of our positions or all of our positions have been funded under the Mayor's proposal, and I'd just like to highlight a few things in our general fund budget in parks particularly that we included in our budget that are not presently included in the Mayor's proposed budget. They are not huge but I just want to bring them to your attention. One item would be weed control. We had it in our budget. This was an item that I think was originally governed by the Highway Department several years ago but over the years due to budget constraints we have reduced it significantly. We do a minimal amount of weed control around some of our interior parks, Victory Park, Bronstein Park, etc. But basically I think the intent at the time was to do some weed control at some of the gateways into our City; Granite Street, maybe Wellington Road, where people were coming into our City and looking at the different concrete islands that are out there and see a significant amount of weeds. When you stop a program like this over a year, sometimes in the first year you don't really see it because the weeds don't have time germinate. But when you start to let it go for two or three years, you start to see some of the affect of these weeds when you come into the City off of these ramps, which I don't think are necessarily are too beautiful and don't make some of the entrances in our City look nice. We had that at about \$20,000 item to do that whole package, but it isn't funded in this budget. Additionally, several Aldermen come to the department each year and request, and in the Highway too, right-of-way brush clearing. This is something over the years that the Parks Department hasn't really been responsible for but there seems to be more and more requests for actual right-of-way brush clearing. This isn't necessarily adjacent to a park, it could be a vacant lot, but it's in the right of way. It's a significant amount of work and very laborious if you don't have the exact right kind of equipment to do. Our two person tree crew, for instance if we were to do some of this brush trimming in certain areas of the City, we'd be out there maybe for a month or more trying to accomplish the work. We put some dollars in our budget to try and do some of that work under contract and I would just like to let you know that that is not funded either. Additionally, we have some road resurfacing and Pine Grove certain areas are in really tough shape in terms of the asphalt. A vehicle can still make it across it but we do have a lot of elderly people who have to get out of their cars and vehicles and walk along the edge of the asphalt, which is broken up quite badly and it's become a bit of a liability issue. We had a few thousand dollars in there to do some road resurfacing in the valley, not the whole thing, but a few sections of it. We figured if we did a little bit each year that would be a help. It's not in the budget. I'm not going to cover every issue in there because I know it's in the packets that you received. The other issue was we have a lot of calls and complaints over the years for actually deteriorating lawns in the Pine Grove where grub infestation has taken over. When we can we do it under contract by either

Chem Lawn or a company out there that will come in and spray. There was no money funded in our budget for that kind of treatment either. So that is just to let you know. And the last larger change to our real operating budget is a little different way and I'll try to answer some questions if anyone has any in terms of the way we fund Gill Stadium. This School District came to us this year during the budget process when we get invited there on a Saturday morning to make a presentation and asked us if we could take a look at a little different way in the terms of way we charge the School District for the way it uses Gill Stadium. We had some discussions with Finance, and actually the Mayor was included in those as well and then some back and forth with Bill Sanders from the School District and feel that we came up with an amicable way to solve the problem. The School District was agreeing to it, it saves them \$70,000 or so, but it does add some money back into the general fund that would need to be picked up by the Board of Mayor and Aldermen on the general fund side to allow some teams, like Babe Ruth teams, Legion teams, a little bit of Bear activity, maybe even Trinity High School who plays four or five games there a year, the ability to come in and play. So we would really be looking...there's a subsidy that you see in here of about \$110,000 that allows some of that play to take place, where they really couldn't afford to pay what the going rate would be to come in and use Gill. I say to you today that it looks like an amicable agreement to us, however, it does add to our general fund budget an additional \$100,000 or so. So I just wanted everyone to understand that in case you see that in that line item. That's the highlights of the general fund budget. Our enterprise budget as you know is one just basically built on revenue. It actually looks like about a 2 percent reduction this year. This was our budget proposal, we think we can live with. It's a lean budget, we've done quite a bit of work at the West Side Arena, at the JFK, so these facilities are really coming up to speed, including the golf course, which is of course our main money maker. I think we all know that. Most of our recreational facilities based on the way we charge, trying to keep them affordable, are not moneymakers. We do generate revenue, we try to keep losses to a minimum, but again, we are not maximizing the amount of money that we could make there. Aside from that, the last thing that I want to bring to your attention, it's not included in our enterprise budget is, as we all know Gill Stadium is just about a brand new and very beautiful facility. One of the things that couldn't be addressed during the renovation process was some issues related to some of the equipment and contracts that we're going to need to run the operation at Gill a little differently now that we have this artificial turf. I have a breakdown which I could share with you that addresses some items that total about \$100,000, which are specific kinds of equipment that are needed to now travel on the turf, mechanisms that we need to put down on the turf that will allow us to build north grandstands for football out there to protect the turf. Different ways of accomplishing our lighting effort, which we were always assisted by the Manchester Fire Department, we can no longer put the weight of a piece of apparatus out on the field any longer, so we're

looking at a contract with the lighting company that would come in and do our lights over a period of years, that's adding a little bit to our enterprise cost and right now in our enterprise budget we do not have any of those items funded. I'm not here necessarily asking how they should be funded, but I just want to let people know that I think come September we're going to be asked to take the facility over and run it as we always have for football, soccer and whatever else we can play there. Certainly the field is going to withstand all of those events now that it's of this artificial nature, however, we do have a laundry list of items that are going to put a huge amount of tax, again, about \$100,000 worth of extra material in to operation of facilities. We have no idea at this point what our operational costs are going to be associated with Gill. There is a huge amount of air conditioning, heating, water tanks and such down there, but it's going to take at least one year to get our arms around what our new expenses will be there. But we'll deal with that as the time comes along and it comes forward, but at this time there's really no way to know that. Again, our budget both in general fund and in enterprise are pretty much static, it does fund a full compliment of our employees, but to accomplish some of the things we'll need to in the general fund we'll definitely be looking at having to leave positions vacant at this point. That's all I have. I have Rich Riddle here to my right, who is our Business Service Officer to assist me with any questions that any members of the Board may have.

Alderman Thibault asked Ron you just touched on the subject of brush in outlying areas and I took you down there a couple of weeks ago. Who is responsibility is it? Is it yours or Highways to take care of it? I'm not sure and I'd like to find out who is going to take care of that. Who should take care of it?

Mr. Ludwig responded again, we've always looked at it like we're responsible for parks and trees in parks and street trees in right-of-ways. I would say ultimately I think the Highway used to do a little of it when they had enough help to help us, but under the current way that we do business...with trees, we know the ones that should be cut, it's just that we don't have the manpower to go out there with our two person street crew and do it. However, if we got some money that we could have under contract to go out and get prices from different people to do lineal feed of prices per day, I think some of these problems where I really recognize and I'll use your Douglas Street Ext., which is a real tunnel down there, and sometimes almost dangerous it gets so dark. We've gone down and trimmed away from streetlights, but we just don't have the equipment or the manpower to go in and do an eighth of a mile of trimming, which it really needs. So recognizing that it's not just you Alderman Thibault, but several other Aldermen have had concerns in different areas or different blocks on that subject, we thought we would ask for a few dollars to try to accomplish that work in a different way.

Alderman Thibault stated I think something's got to be done for some of those streets. Especially Douglas Street Ext. It is really bad.

Alderman Smith asked what is the compliment of fulltime employees at the Parks & Recreation Department?

Mr. Ludwig answered 60.

Alderman Smith asked do you know how many parks you service and how many athletic fields. I'd like to have parks different from athletic fields because there are some parks that are just parks. Like Veteran's Park, Wagner Park, I don't know if you do that. Do you have that breakdown?

Mr. Ludwig answered I want to say 77 parks, but that's not something that I really brought with me tonight, Alderman Smith. 1,200 acres.

Alderman Smith stated what I'm trying to get at, you know we put money into a field Ron, and we have sodded, and two years from now we've got to sod the field all over. A good example, and I have no qualms about it, it is being used, is Sheridan Park down there with the new soccer field that is newly sodded. You can see where the goal posts are and that's why I was getting to the compliment of personnel and I know you need funds to do it, but our parks need to be addressed a little bit better and I don't know what the method or what the problem might be.

Mr. Ludwig replied if we're going to stay with the compliment of people we have, then you really need to do some supplementary work with maybe outside contractors...we pay some overtime for people to go out and do turf maintenance, as we would on the golf course, airification, over seeding, tip dressing, fertilizing. But quite frankly, the only real way to develop good turf is through a good turf maintenance program and the ability to manage a field properly that means sometimes you've got to shut it down and it can't be use. The biggest deterrent we have in terms of field wear and tear, is the fact that we rarely can shut a field down to not use it. Because they are in use 100 percent of the time. It's like garden I guess in the old days, everyone once in a while you didn't plant in it so the earth could rejuvenate. And this no different than turf. This spring for instance, Alderman Smith, we're struggling with 9 inches of rain I think is what we got in the month of April. It's difficult to stop people from using that field. Like yesterday, for instance, people play a game at Piscataquog field, which are two new fields that we put in. If you went down and you looked at the field that we played lacrosse on yesterday, it really isn't in very good condition, and I totally agree. However, the field has to be used. When we can move them to the turf field over at West, that's been a great help for us this spring. Without West field right now we wouldn't be in very good shape, but when you use a field like

yesterday when the root system is soaking wet and you have kids that are a couple hundred pounds some of them these days, you're just taking out turf that doesn't replenish itself in a short period of time. But you're right.

Alderman Lopez stated I think Alderman Smith hit something on the head here, 60. Could you break that down, the 60 people that you have in Parks of the number of people that you actually have out working in the field?

Mr. Ludwig answered that's more realistic, probably 42.

Alderman Lopez asked that you can have out in the parks and the softball fields a one time?

Mr. Ludwig answered no, that's including cemetery, recreation; that's including all facilities.

Alderman Lopez asked break it down. How many people work at the cemetery?

Mr. Ludwig answered 15 in the cemeteries, including a supervisor.

Alderman Lopez asked what are the number of people that you have to go out and do softball fields and to clean the parks?

Mr. Ludwig answered that would be parks, that's about 15-16 people.

Alderman Lopez stated I just wanted to bring that out. And the weed control that you mentioned, at one time this was in your budget, now we're giving the money to people downtown in order to do the weed control in certain areas that you can't take of. Would you agree to that?

Mr. Ludwig responded it is my understanding that some of the money that they are receiving at Intown is more or less being addressed throughout the Commercial Street area and they don't always extend to what I call gateways into the City. Granite Street where you come in off the off ramp, or up here on Bridge Street and Mammoth Road, those kinds of places where we see a large amount of traffic coming in that the islands and areas don't look so well. So in some cases you're right and in some cases you wouldn't be because I don't think their program extends to those parameters.

Alderman Lopez asked did you contract that out before? None of our people did it so you contracted it out? They testified here that they would have to contract it out too.

Mr. Ludwig replied yes.

Alderman Lopez stated but the control factor, which is better being controlled in your opinion. When you had it, did you control it better than what the situation could be?

Mr. Ludwig answered I think, I don't want to speak for Ron Johnson and I don't want to drag him up here but if I say this wrong, he can come up. I think basically what happened last year and will probably happen this year, Intown has asked us to come in and administer their contracts anyway.

Alderman Lopez asked they have?

Mr. Ludwig answered yes. In some cases they've come in and asked for our assistance in terms of how a contract should be administered for weed control and things like that, which we've done in the past.

Alderman Lopez stated clarify this for me now. Are we giving money to other organizations and then you're coming in and administering the contract? Is that what you're saying?

Mr. Ludwig answered again, I don't want to...maybe Ron [Johnson] should come up and speak to the last contract that we developed with Intown.

Ronald Johnson, Deputy Director of Parks, Recreation & Cemeteries, replied the funding for the weed control is actually put into our department last year, so we did administer the contract. When we're dealing with the right-of-ways, we actually have to submit a permit for that type of work and that's done in January. It takes about 4 months to process that permit through NHDES, so we've been doing that for several years. This year I believe there's an appropriation for Intown, and I believe in speaking with the CIP office they have yet to determine where that money would actually be allocated. It would probably perhaps come in...in could be in Planning or it could be left in our department. We would still have access to the funds to administer the contract.

Alderman Lopez stated so then it's possible that we would give the money to somebody else and you would still administer it.

Mr. Johnson replied right. The funding would stay in the CIP account. It would be administered either through the Planning Department and we would just work with them to get a purchase order to sign the contract.

Alderman Lopez stated at some point Ron, a copy of the things for Gill Stadium I think would be appropriate to give us what you mentioned. I would appreciate that. And maybe Frank Thomas between now and the time you take over if you could monitor somehow the air conditioning that, probably we wouldn't be using the air conditioning anyway, but the electricity and what the added cost was. I'm sure that we could work it out with the Fisher Cats or something. Find out what kind of a cost we've got so that we know what we're going into. So that would help you along that line.

Alderman Osborne asked Ron, off the top of your head, what has been the increases from 2003, 2004 and 2005, percentage wise, total? What has been the steps?

Mr. Ludwig asked in terms of budget increases? 2004 is 3.66 [percent]. This year's, again, is 5.74 [percent]. We would have to get back to you to go back any further.

Alderman Forest asked Ron, you were talking about the...Alderman Lopez brought it down to about 50 personnel that are caring for parks. Have you increased any personnel? I've been on the Board for three years and I know I ask you a lot for the west side parks, maybe more so than other Aldermen. Has your manpower increased in the last three years to do the services that we and the City require you to do?

Mr. Ludwig answered no it hasn't. In fact I would say that over the last 6 or 7 years we've probably...in 1994 we actually laid off 6 people.

Alderman Forest asked and haven't rehired them?

Mr. Ludwig answered no.

Alderman Lopez asked one of the areas that people complain to me about and I know when I was a commissioner I was very adamant about it and we had a policy, that too many people from out of town are coming in and utilizing our parks, starting ball teams, what type of control do we have within the City? I know when I was there no more than two people on a team could play for a ball team. It had to be Manchester residents using our facilities. Is there some mechanism today that's still in place? We're becoming a regional thing for out of towners.

Mr. Ludwig answered in terms of league play, I think Alderman Lopez what you're alluding to was several years ago it was more or less our recreational softball people. We try to keep a close eye with the softball council in terms of



how many out of towners they are allowing to participate in Manchester, and I can't speak to what the exact number is right now. But I'm sure we have some out of town people playing. We'd have to look at that and come back to this Board to see in fact or if it did want to deal with that situation. I don't think it's 98 percent of the people that are playing on Manchester teams are from out of town, but I venture to guess that I could be 10 percent or something like that, or maybe a little less.

Alderman Shea asked Ron, I picked up, obviously it's a 5.74 [percent] increase, salaries 2.5 [percent]? Is that what you said?

Mr. Ludwig answered I think 2.72 [percent].

Alderman Shea asked and the rest is benefits or other expenditure or is that...?

Mr. Ludwig stated a big part of it Alderman was the \$110,000 just for Gill Stadium to subsidize or make a per game charge and subsidize the other athletic groups using Gill Stadium.

Alderman Shea asked that was the increase on your...?

Mr. Ludwig answered that's the big part of the operating expenses. That's the majority of the 5.74 [percent].

Alderman Thibault asked Ron, before you took over the cemetery department, how many employees did you have before that?

Mr. Ludwig answered if you back 15 out of 60, roughly 45.

Alderman Thibault stated you had 45 then and now you have...

Mr. Ludwig interjected no. That's how many I have now.

Alderman Thibault asked how many did you have before you took over the cemeteries?

Mr. Ludwig answered at the time we inherited the cemeteries, I want to go back and say that it was like 1994. It was around that same time, maybe it was a little earlier that we...it was earlier than that I believe that we laid off 6 people. So it would probably be around 45 people.

Alderman Thibault asked and since you've taken over the cemeteries you haven't increased your compliment?

Mr. Ludwig answered no.

Alderman Thibault stated in other words you absorbed this through your department at the time that it was given to you.

Mr. Ludwig answered actually when we were consolidated with the cemetery department we have lost 3 positions since that time. We've lost a director of the cemetery, the assistant director of the cemetery...

Alderman Thibault asked how many people were at the cemetery department before you took it?

Mr. Ludwig answered probably about 18 or 19.

Alderman Thibault asked and now you've got how many there?

Mr. Ludwig answered 15.

Alderman Thibault stated so you've lost compliment there too.

Mr. Ludwig answered yes.

Alderman Thibault stated we're asking you to do more work and we're taking the people away from you.

Mr. Ludwig stated well we've tried to make some efforts in terms of mechanization too, Alderman, and trying to live those hard fast issues and tried to find better ways to mow, faster ways to mow. This Board has been good to us in some respects in terms of allowing us to make some equipment purchases that have helped us at the cemeteries to do more with less. But some things are just labor intensive.

Alderman O'Neil stated regarding the cemetery, you just mentioned though, in some of those positions you lost were actually administrative positions.

Mr. Ludwig stated some of them were.

Alderman O'Neil stated two the three sounded like they were administrative. They weren't actually people out in the field.

Mr. Ludwig answered one was a greenhouse person.

Alderman O'Neil stated you mentioned there was about 15 people at the cemetery, about 16 in your parks division, I'm guessing a good balance then would be in what would be the enterprise, ski area, golf, Gill, the arenas. How many people are...I'm trying to just...maybe you could provide for us a breakdown of where staffing levels...because you mentioned you had about 60 fulltime equivalents. Maybe just at some point follow up that along with the item Alderman Lopez asked for. The one question I have, and I know we've had this come up before is does Gill Stadium really belong in the enterprise system? I know at one period of time that the pools were in the enterprise lets say 6 years ago, or maybe it was a little longer, 8 years ago, they got removed. Does Gill Stadium really belong in the enterprise?

Mr. Ludwig answered that's a difficult question for me to answer. Again, you have to understand that the Parks Department did not put together the enterprise at the time. We were asked to try and make the enterprise work as it was presented to us. And you're right Alderman, we actually had work-reaction, which are 15 and 16 year old kids to the number of about 15 that worked with a couple of leaders in the summer, and I think there's been some adjustments that have need to take place. In fact we're here today saying that we're making another adjustment that helps the School District but does throw some money back into the general fund. I don't want to speak for Finance but there seems in terms of Gill, we could make it work either way, Alderman O'Neil. As long as this Board is willing to fund Gill and hopefully it will going forward to keep it up as the facility it is today as we speak. It appears that Finance likes to see, and I don't want to speak for Finance, but accountability from the School District and how some of the charges or service contracts trying to get away from where charge backs are taken, we could make it work either way really, because it's a wash for us. We don't make anything at Gill Stadium. We only charge the School District for actual expenses of what we do there.

Alderman O'Neil asked am I correct to say that the golf course pays for itself, so it's a true enterprise?

Mr. Ludwig answered it is.

Alderman O'Neil stated that if we have snow at McIntyre, does not, but it used to, but it doesn't any more?

Mr. Ludwig replied it struggles. We've even implemented snow tubing up there to try and generate some more revenue. Last year, again, it's an expense to operate it, whatever we're charged for water, I shouldn't say that to Tom Bowen, but we probably lose more.

Alderman O'Neil asked what about the hockey arenas?

Mr. Ludwig answered the hockey arenas, again, are extremely competitive. We did some checking just today on prices of hourly rates of ice fees out there in the near future. Tri Town is up to about \$220 to \$255 an hour, our average rate is around \$145 or \$150. Am I'm not saying that Tri Town is necessarily right or Salem is necessarily right, but there's some significant prices that we don't really charge in some of these facilities.

Alderman O'Neil asked are we breaking even with the hockey arenas?

Mr. Ludwig answered we don't break even in ice arenas.

Alderman O'Neil asked they're all being subsidized by the golf course?

Mr. Ludwig answered pretty much.

Alderman O'Neil stated in all honesty it's maybe time we take a look at the whole enterprise system then. The true enterprise system, the units pay for themselves. Water Works, EPD, the Airport.

Mr. Ludwig stated some of our losses, and I think I can let Rick speak to it, are really we look a little worse on paper given depreciation in some of those items from an accounting standpoint. But I can say that as long as the Board of Mayor and Aldermen can understand what our enterprise is, in that we have a product that doesn't have to be bought by the consumer. In bad times you don't have to ski and you don't have to play golf, you have to drink water. So that's the nature of the beast of our product, but if we want...we're always going to be asking this Board of Mayor and Aldermen for some kind of subsidization, Alderman O'Neil, you're right. However, we can go out and change the way we do things in terms of charging. We can certainly up fees, we don't want to price ourselves out of the market but we could change philosophies in terms of how we run certain areas, and I don't want to get into that right now.

Alderman O'Neil stated I understood that the hockey arenas at one time pretty much broke even, if we had decent winter McIntyre would pay for itself. I know we got the pools out of there, but I'd really like to see us to take a look at Gill because my personal opinion is that it does not belong in the enterprise and I think if you think back to the days prior to the enterprise, it was pretty well maintained because you were given proper funding to do it. I think the enterprise kind of drained it and it led to the amount of work that's had to get into it. It was failing and I for one would like to see us take a look at it. I don't want to see us make it competitive where the schools can't use it or the Babe Ruth or the American

Legion or other sports. It was built for the young people in Manchester to use. So I hope at some point we can take a look at that not too far down the road. Please get us those couple of items. Your staffing levels and a breakdown of the equipment needed for Gill.

b) Public Works (tabs 14 & 19 in budget book)

I know that you've had a lot of discussions on maintenance issues in connection with the school budget. We're going to start off first of all talking about school charge backs budget. Before I get into this chart here, I did want to comment briefly. There's been one proposal that I guess has been made to reduce building maintenance school charge backs by \$1.2 million. I would just caution the Board in considering that proposal because what it does is first of all starts off by bringing the building maintenance budget \$200,000 below the FY2004 level, our present level. In addition, it further takes away capabilities because of moving forward we have contract obligations, increased salary costs, which would further erode from the FY2004 level probably another \$300,000, so it would be a tremendous impact on operations. What we try to do here in this slide is to summarize all of the different budgets that have been floating around regarding charge backs for maintenance to schools. Again, this is just focusing on schools. Starting off on column #1. Basically that is our approved charge backs right now for this current budget year. It's made up of salaries or administrative costs, I should say, custodial services and maintenance. Now if you take that maintenance and divide by the square footage of over 2 million square feet in schools, you're coming out with a maintenance allocation in the schools of \$.62 cents. This year we went into the budget process what we call our base request. The base request is similar, again, administrative, custodial, and maintenance. That base budget equated to a square foot maintenance of \$.67 cents, however, what we did was when we made our request we built on that base budget and proposed to bring up the per square foot maintenance in our facilities where we're investing that \$100 million to \$1.53, which is approximately the recommended national average for maintenance in school facilities. The next line is the original school proposal. The original school proposal again, made up of administrative, custodial and maintenance costs. That equated to \$1.00 a square foot. So the original first proposal by the School Department was for \$1.00 a square foot. The Mayor's budget then came in and pretty much mimicked what was recommended. I'm not sure who recommended which one first, but the Mayor's budget allocated approximately \$1.07 per square foot in his budget recommendation for maintenance to the schools. Once the Mayor finished his overall budget and the School District saw the impacts on their operation, they revised the maintenance budget. Their maintenance budget was reduced down. Now you've been hearing a lot about \$.75 cents. The way we calculated it, it comes out to about \$.83 cents.

So the School Department's revised budget allocated about \$.83 cents per square foot for maintenance. Last night the way I understand discussions took place what was proposed was to take FY2004's bottom line charge back number, add \$300,000 to it to cover ARAMARK contractual issues and also to increase some custodial activities in additions that are already built being occupied and what not. So the difference between this last column and Aldermen's budget and FY2004 is \$300,000. As a result, what you see here is a square foot maintenance allocation of approximately \$.61 cents, which to me says that what was discussed last is a zero increase in activities for maintenance efforts.

Alderman Lopez asked Frank, those numbers that you're saying, these are your numbers and you haven't checked with the School Department as far as the agreement with their numbers?

Mr. Thomas answered we haven't sat down and reached any kind of contractual relationship with them for charge backs. We did get a copy of their latest budget. Again, in reading the paper this morning, it is my understanding that what the majority of the Board of Mayor and Aldermen agreed upon last was increasing the FY2004 level by \$300,000, which is that last column.

Alderman Lopez state but the point I'm making is that we gave a bottom line. They can do anything that they want. They can add money to the maintenance if they decide to. Is that correct?

Mr. Thomas stated that's correct. Once the Board of Mayor and Aldermen allocates a budget to the School Department they do have the right to allocate it any way they want, however, what I was going to end our presentation with is that I think its prudent for any department in the City that has charge backs with the School District to have some kind of agreement prior to the end of the budget process so that no only us but the School District has an idea of where we're moving to at a minimum moving into the next budget year.

Alderman Lopez stated they have to do that by law any way.

Alderman Shea stated in speaking to a couple of School Board members last night, there was some disagreement regarding their going out to a private vendor. Has that really been clarified? Did you appear before them at one time and indicate to them that obviously there might be a difficulty in terms of picking of schools.

Mr. Thomas replied I think we're talking solid waste. We will be addressing that under the Highway budget. This is basically building maintenance right now, but we will bring up that issue under our presentation for Highway.

Alderman Shea stated in administration, how many people do you have working in administration?

Mr. Thomas answered there's actually 3 people in the building department operation that would be classified strictly as administrative personnel. The administrative cost alone what you see up there is less than 5 percent of the operation, which is a reasonable charge. Now there has been some discussion on an administrative supervisory charge...

Alderman Shea interjected let me stop you. In other words, this \$279,102 covers 3 employees?

Mr. Thomas stated excuse me, 4 employees.

Alderman Shea asked what part of the administration costs do the school charge backs pay?

Mr. Thomas answered the school charge backs are about 83 percent of the administrative costs. But I think there's a misnomer here. First of all, one of the people that's in that group of 4, is not really doing administrative work. He's doing project management. When you're talking about administrative costs, quite frankly, it should be 3 people in Building Maintenance; it would be Barbara and 2 clerical people. The gentlemen that's been lumped in there, he does fire sprinkler work, he does hazardous material surveys and remediation. That's project work, so I think there's a misnomer. I know that there is a concern that's been raised by the School District because what we do is the way we are presently doing it, we are lumping these people's charges all in a lump to them. It is being classified as administrative charges. We work to better define that because it's not administrative. The total number that they're looking at is not an administrative charge. A portion of it is, a portion of it is project management.

Alderman Shea stated 83 percent of the salaries of 3 people plus you said a 4<sup>th</sup> person, the other 17 percent comes from where?

Mr. Thomas answered it gets charged off on the City side of the Building Maintenance budget.

Alderman Shea asked charged off to other City departments? Is that what you're saying?

Mr. Thomas answered well it is funded out of the general fund.

Alderman Shea stated the costs incurred are the costs incurred by paybacks from other departments? In other words, I'm not quite sure here. I know the money would come under general funds, but if for instance someone calls from City Hall and Barbara or whoever has to answer the phone, that is a charge back to that?

Mr. Thomas replied no it isn't. Not on the City side of the budget.

Alderman Shea asked not on the City side?

Mr. Thomas replied that is correct. Again, if you could bear with me for one more slide maybe I can answer some of the questions that you're raising.

Chairman O'Neil asked Alderman Gatsas can he continue, Alderman Thibault, or do you need to get back to another slide at this moment?

Alderman Shea stated I'm all set.

Alderman Gatsas stated if I understand what you're showing me, Mr. Thomas, is that the Shea/Lopez Aldermen budget is a penny less per square foot than it was in 2002? Is that what you're showing me?

Mr. Thomas answered in 2004, that is correct.

Alderman Gatsas stated so it's a penny less. So if I multiplied that times 200,000 square feet, we reduce they maintenance? The Shea/Lopez budget?

Mr. Thomas answered the maintenance portion you can see has been reduced from \$1,263,673 to \$1,241,437.

Alderman Gatsas stated I'm looking at your square footage at the bottom, the \$.61 cents.

Mr. Thomas answered you take the maintenance number and divide it by \$2,227,000 and that's how you arrive at the square foot number. So it's the maintenance line divided by square footage, comes with that square foot amount.

Alderman Gatsas asked so it's a penny less?

Mr. Thomas answered it is a penny less, that's correct.

Alderman Gatsas stated and the national average that you're talking about at \$1.53, what is the New England average?



Mr. Thomas replied could call Tim Clougherty? He is my expert on this.

Tim Clougherty, Deputy Public Works Director, stated the data that was compiled wasn't based on regional data. It was based on school districts of various sizes. We fell into the largest category within school districts, containing 3,500 or more students. There were 46 districts that participated in the survey and they couldn't provide me with any regional data. The data that they provided was roughly \$1.41 a square foot, that fell across that national average, and I used a multiplier to bring it up to that \$1.53. Number one because it's 13 months old right now, and number two because historically New England labor rates are higher than national averages.

Alderman Gatsas asked I would assume you've made a phone call and found out what Nashua uses?

Mr. Clougherty replied no I haven't.

Alderman Gatsas asked any reason why you wouldn't have looked at their school district which is probably no comparable to ours in size but probably the next largest school district in the State?

Mr. Clougherty answered because I had the data from 46 other school districts.

Alderman Gatsas asked and where were those 46 other school districts?

Mr. Clougherty answered across the nation.

Alderman Gatsas asked instead of calling Nashua to find out what that school district was using, you would think that the 46 across the nation would be a good cross section?

Mr. Clougherty answered yes. I don't know that Nashua does everything right.

Alderman Gatsas asked but you are believing that the other 46 are doing everything right?

Mr. Clougherty answered no. I know that that gave me a representative average.

Alderman Porter asked Frank, this square footage of 2 million, is this consistent from 2004 and 2005 with all of the renovations going on, the areas that may be under renovation that you won't actually be spending money to maintain until a renovation is done?

Mr. Thomas stated you just introduced our third slide.

Alderman Shea stated I just wanted to set the record straight. Alderman Gatsas said that Alderman Shea and Alderman Lopez budget gave \$.61 cents. May I may it plain and clear for the one-hundredth time, we do not line item school district budget. Be added that, but we do not do that. Let's make it plain and clear. When he says we are giving you \$.61 cents, he is absolutely incorrect. We didn't give them anything in the maintenance budget. But I just want to make it clear because...

Chairman O'Neil stated out of respect, the Department of Public Works is here to make a presentation. Let's let them make the presentation. I think there will be an opportunity later for this discussion to go and I'd appreciate it if we'd hold the debate until later. Frank please continue.

Mr. Thomas stated now that we've building maintenance charge back side, as I mentioned there's also a City side. The City side is a lot smaller than the school side. If you remember under the Aldermen's proposal the budget for schools was going to be \$5,249,000. This year that we're in right now, the City side is only \$664,000. Obviously it's smaller because there's less facilities. We're looking at City Hall; we're looking at the library, etc. So this is what was budgeted in 2004. In the Mayor's budget there were additions that were added and part was the small portion, 17 percent I believe, of wages, benefits, and insurances that weren't part of the school charge backs. Also included in the Mayor's budget was \$35,000. This is to provide custodial services, landscaping, preventive maintenance, maintenance, elevator inspections, elevator maintenance, etc. So that's what the \$35,000 that the Mayor has in his budget. Also there was a slight increase of approximately \$10,944, that's to cover increases in electricity and gas for City Hall. Also included in the Mayor's budget was an additional \$87,191 for special projects. Special projects are projects that are not really at the caliber to include in the CIP, but higher than normal maintenance activity such as boiler replacements, etc. These projects are defined both on the City side and on the school side. So if you take the FY2004 level for the City side, add those additions, we come out with a FY2005 City side budget for the Building Maintenance division of \$804,000. Now if you take the City side and add the school side to it, and I'm using for talking purposes now the Aldermen's budget, we come up with a total FY2005 operating budget for building maintenance of \$6,053,864.

Alderman Lopez stated on the senior center, how many months is that \$35,000?

Mr. Thomas answered 9 months.

Alderman Lopez stated if it doesn't open until October, then it would be 8 months? Right? And how do we come up with the \$35,000.

Mr. Thomas answered we've got a budgeting amount from ARAMARK ServiceMaster to provide custodial services. Barbara will give you a breakdown.

Barbara Connor, Director of Building Maintenance, stated for the senior center I have for preventive maintenance \$2,500, I have for custodial services \$20,000...

Alderman Lopez stated to save us some time could you just get a copy to us. The other question I have is, and you probably don't have the answer is, on the special projects, a complete list of special projects you're speaking of.

Mr. Thomas stated we can furnish that information. Do you want it for both sides? School and City?

Alderman Lopez answered yes that will be fine.

Alderman Gatsas asked how many square feet in the senior center?

Mr. Thomas answered 15,000.

Alderman Gatsas asked and the \$20,000 is just a 9-month figure? Is that what you're using?

Mr. Thomas answered 9 months for custodial and grounds.

Alderman Gatsas asked so we're using \$1.33 a square foot for maintenance?

Mr. Thomas answered of custodial and that includes the purchase of some equipment.

Alderman Gatsas asked how much equipment?

Mr. Thomas answered we can break that number down when we furnish the detail that Alderman Lopez requested.

Alderman Gatsas asked what is the average that we spend for janitorial in other buildings?

Mr. Thomas asked I other buildings?

Alderman Gatsas stated City Hall.

Mr. Thomas replied we'll have to get you that information. I don't have it broken down by building.

Alderman Shea stated my thoughts are that the cost now being incurred by the elderly service department would actually diminish because they are paying to rent I believe the east side. Is that a private company? Do they have equipment there that they use to clean that you people could use or is that just separate?

Mr. Thomas replied I don't know what kind of arrangements are made. I understand they rent the space that they're in. I don't know what they do for cleaning services. They don't work through our ARAMARK ServiceMaster contract. So it must be some private arrangements they have made.

Alderman Shea asked they have a special for both on the west side and the east side?

Mr. Thomas replied the west side community center we do take care of right now, but the east side we do not.

Alderman Shea asked so you do have some equipment and supplies that you would be able to use, I'm assuming from the west side? Is that correct?

Mr. Thomas answered yes. But again, we asked ARAMARK Service Master to give us a budget for cleaning the senior center and that's what was included in making up our number and we'll be glad to furnish that.

Alderman Gatsas asked the City side was \$664,464 for 2004?

Mr. Thomas answered that correct.

Alderman Gatsas asked and your wage and benefits and insurance is only up 1 percent?

Mr. Thomas answered because the rest of the increase passed off on the school side charge back side. You have 1 employee. That 1 employee spends, for talking purposes, approximately 85 percent of his time working on school-related issues and 15 percent of his time on City issues. The 15 percent of increase is wages, benefits, and insurances is reflected up here. That's why that number is so small and the rest is reflected on the school side.

Alderman Gatsas asked what's the total increase?

Mr. Thomas answered \$37,929 is the total increase in wages, benefits and insurance.

Alderman Gatsas asked what is that percentage?

Chairman O'Neil asked Frank, is that something maybe you could get to us?

Mr. Thomas answered yes.

Alderman Porter asked Frank, was \$37,000 the total increase?

Mr. Thomas answered \$37,000 is the total increase.

Alderman Porter stated that represents 17 percent of the total.

Mr. Thomas answered that's correct.

Mr. Thomas stated this next slide is over and above what the Aldermen's budget last night entailed and what we're trying to note here and I think the question was asked by somebody. New equipment is coming on this year in the school facilities that are under construction. I'm just going to briefly touch on this and I'll turn it over to Tim [Clougherty]. He's a lot of more up on this subject, but we've got new equipment, we've got new boilers, we've got new sprinklers, right now there has not been any provisions to maintain that, at least for preventive maintenance and we're proposing a consideration of \$160,000 on that. Let me call Tim up here to speak about this.

Mr. Clougherty stated I think Alderman Porter asked this question rather pointedly. What are we doing for the new stuff that we're installing and fact of the matter is we're level funding based on the 2004 level and depending how the School District wants to line item or buck at the charge backs, if they budget it as we had anticipated it being budgeted, the entire increase that's being requested to the charge back would be allocated to the custodial side. So we would be cleaning the new square footage that we're putting in place, but we're not maintaining any of the new equipment that we're putting in and as this slide shows, we're putting in 50 to 60 new pieces of HVAC equipment this fiscal year. We're also going to be adding 5 new boilers and we're also going to be adding roughly 1 million square feet of new sprinklers. The 3 high schools as well as the 2 middle schools, Southside and Hillside. So to say that it's level funded is kind of incorrect. We are level funding it but the level of maintenance that we're going to be providing to these facilities has actually diminished. The new equipment that we're putting in, we have no funding to change filters, the grease bearings, to change belts and do that type of stuff. We are going to be in jeopardy of violating our warranty

clauses on some of that and the type of stuff we're talking about is not covered by a warranty. It has to be maintained just like changing the oil in your car. The warranties are there to cover defects that happen. We're in the process of spending that \$100 million on these buildings and we've talked about the lack of maintenance over time and how many millions of that \$100 million to that deferred maintenance could be debated one way or the other but I think everybody would agree that it's a significant amount one way or the other. So by taking a stance early on in the life cycle of this equipment to defer maintenance is really going to put us behind the eight ball in years to come. So right now what we're asking for minimally is \$160,000 above and beyond the numbers that you've seen for preventive maintenance to supplement the preventive maintenance for the existing equipment that's not being replaced just to get us through the year minimally maintaining it.

Alderman Porter stated the HVAC equipment I'm assuming comes with some sort of an initial warranty.

Mr. Clougherty answered yes it does.

Alderman Porter asked a year? Filters I understand are more or less like gassing up your car. You've got to do it on your own. That type of thing.

Mr. Clougherty replied that's correct.

Alderman Porter asked this would involve periodic inspections by the manufacturer or by the vendor?

Mr. Clougherty replied once the equipment started up it is our responsibility to inspect, change the oil in it, to change the filters, change the belts, they'll come back if there's an issue with the unit, but they typically don't come back to just tune it up.

Alderman Porter asked do they do any inspection on the equipment itself?

Mr. Clougherty answered no. Once they walk away from it generally it's running and nothing should go wrong with it.

Alderman Porter asked but if it does is that covered under the warranty?

Mr. Clougherty answered if it does, then it would be a defect and it would be covered under a warranty. There are going to be clauses in these warranties that talk about as long as you maintain the equipment properly and that's what I was talking about.

Alderman Porter stated but I'm kind of surprised that there are no inspections after 90 days or 6 months or something like that during the initial warranty period.

Mr. Clougherty stated unfortunately there aren't.

Alderman Shea stated members of Public Works, you indicated to us that this is probably a necessity, my suggestion is that when you appear before the School Board you explain that to them so that they are aware of this particular item because as I mentioned before, we gave them a budget, they accepted the budget, that's up to them to make it work. It's not up to us right here and now to say that we should add \$160,000 to the school facilities budget. That's up to them so it would be incumbent upon you folks to make it plain and clear to them that somehow or rather they need this particular money in order to make sure that whatever materials you're putting into the schools are maintained. That's my thoughts.

Mr. Thomas responded I agree with you 100 percent Alderman, but the reason why we're bringing it to your attention is that again, you're the body that approves the bottom line to them and from past experience I think when it comes down for the School District to make decisions between teachers, books, papers, pencils, they're always going to rule in favor of those items. As I noted in my first slide up there, the School District's original proposal proposed \$1.00 a square foot for maintenance. When the Mayor finished his overall budget and reduced the School Department's original budget request, they reduced their maintenance budget by the second budget that I noted of the School Department. So yes we will make that presentation to them, we will give that information, but again, this body here is still the body that is giving them the bottom line and we're just trying to define for you what potential could happen. Quite frankly, all the numbers that were shown up there, even the Aldermen's proposal, that last column if we could go back to that for a minute, this last column quite frankly the School Department could cut that once you've approved that budget. So this is working off what the discussions were and I think what the intent of the Board's actions was, at least on the maintenance. But quite frankly, it doesn't mean anything once you've turned that money over to the School District. That's why I'm saying I think it's important that not only us but every department that does work for the School District gets some type of agreement before the budget process is over so that we on the City side know how we stand going into next year.

Alderman Shea stated by your reasoning, that is to say that any money that the School Department needs, they will put it into books, into teachers, and into pencils and supplies, so by that reasoning if we were to give them \$160,000 more they would possibly do that if they felt the need to do it. That's what we're trying to tell you Frank, that we can not micromanage their department. We can only

give them a bottom line and that, therefore, we can not...because if we gave them \$100,000 or \$300,000 and they felt the need to add extra teachers to Memorial High School where there is overcrowding or Hallsville School or Green Acres School, we can not say to them look we're giving you \$160,000, put it into preventative requirements. We can't do that because we can not mandate to them. But your job in my judgement is to go to them and say look this is what we're presenting to them, we have presented it to the Aldermen, and we made a plea for them to add \$160,000 more but they said we can't micromanage, one of the Alderman said that, so that's where...

Mr. Thomas stated I totally agree with what you're saying. I'm not sure and I'm no legal expert but why can't we ask to have some type of an agreement on the maintenance budget before the budget is finalized.

Alderman Lopez stated because the Supreme Court said so.

Chairman O'Neil stated I know I have Alderman DeVries, Alderman Smith, Alderman Osborne, Alderman Guinta, Alderman Gatsas, then we still in 25 minutes need to get into the regular operating budget of the Highway Department, so if we can keep that in mind that would be appreciated.

Alderman DeVries stated Tim, maybe you could assist me. I believe it was maybe two months ago at a joint school meeting there was a contract that was discontinued. I believe it was for maintenance and upkeep for some of the mechanical systems throughout the schools.

Mr. Clougherty replied it was a preventive maintenance agreement through NORESCO that had to do with our facility management system. That's correct.

Alderman DeVries asked is that type of arrangement something that needs to be facilitated again or is the problem that we have switched this year to a new mechanism of maintaining the mechanical?

Mr. Clougherty answered we haven't switched any mechanisms. The reason for discontinuing it last year was because we were in the middle of flux of the construction. We're going to have 14 schools under construction in about 4 or 5 weeks here and we didn't feel it was conducive to keep paying the maintenance for systems that were getting turned over and retrofitted.

Alderman DeVries stated briefly if I could, because a lot of those construction projects aren't going to be completed during this budget cycle, 2005. I don't believe any of the high schools are scheduled to be online, certainly there may be



boilers up and running. Southside and Hillside I believe are scheduled late December to be online?

Mr. Clougherty answered that's correct. Those two will be completely on line. Smith, Gossler, Jewett, Weston, there's a whole host of schools that will be complete by the first of the year.

Alderman DeVries stated but for additional square footage it's only Hillside and Southside that are the additional square footage that we're truly dealing with for the maintenance agreements, etc. in the 2005 budget because the high schools are scheduled until the following August, I believe.

Mr. Clougherty stated the maintenance agreements aren't only for additional square footage, they are for the additional mechanical requirements. What we have right now is essentially we have 22 schools, 5 to 7 which have adequate mechanical ventilation systems. That is the indoor air quality in those schools meets current standards. Those other 15 schools are getting mechanical systems. They are getting systems where they had none at all before. You see the new units going on the roof at Jewett Street School and Smith Road School, similar to what we saw Green Acres School a couple of years back, Central and West, years before that. There are 15 schools that are getting those systems now and we're looking at the same funding for maintenance. All of those systems that we're putting up there obviously weren't there before, we weren't maintaining anything before. Our maintenance needs are increasing substantially, but our funding is staying level.

Alderman Smith stated Tim, what I'm getting, do you have enough trade people down at the Building Department, like for the boilers? Do you have plumbers that are going to come in or are you going to put everything out completely on contract? Like if you have a problem with a boiler, I know a lot of times the plumber will come up from the Building Department and will try to take care of the situation. Are you going to have trades people or are you going to be entirely under contract.

Mr. Thomas answered once we get to the dollar, and I hope someday in the near future we'll get to that \$1.53 a square foot or somewhere near that, the proposal will be to bring on more in house trades people, plumbers, painters, etc. in addition to outside contractual services. But not now.

Alderman Osborne asked how do we stand right now with design/build, how do we stand right now as far as the revenue and how much money is out and things of that sort?

Mr. Thomas answered we're in good shape.

Alderman Osborne asked are you right on line? No overages?

Mr. Thomas answered no overages.

Mr. Clougherty added as far as the revenues go we were a little bit behind. As far as the fund goes, as of two months ago, this past month we did catch up, and the revenues associated with that fund are on line.

Alderman Osborne asked can these monies be used only for buildings or can it be used to maintenance if there is any left over?

Mr. Clougherty answered I'm not sure to tell you the truth.

Mr. Thomas added we'd have to check with Finance.

Mr. Clougherty stated we'd have to check with bond counsel. The funding for the schools interest generated through the project fund; can that be used for maintenance as well as capital or only capital?

Randy Sherman, Deputy Finance Officer, answered it's already been earmarked for capital.

Kevin Clougherty, Finance Officer, answered that's part of the funding for the total project already. That was factored into one of bonds.

Alderman Osborne asked Mr. Thomas, what is the percentage rate now of increase between last year and this year total after your revenues? Just the bottom line. What is the difference?

Mr. Thomas answered I don't know it depends on what budget we're looking at, I guess.

Alderman Osborne replied both. What you're coming in with.

Mr. Thomas answered stated I'll have to get back with you on that information.

Alderman Osborne stated you've got 18 percent here but that's without revenues?

Mr. Thomas answered the 18 percent was the Mayor's budget proposal and we're no where near that number now. You can see I think we're in approximately the \$6 million range. Like I said, the numbers have been changing all over the place.

Alderman Guinta stated I'd like to see a copy of these warranty agreements that require maintenance schedules to be met. Can we get copies of those?

Mr. Tim Clougherty answered once they're in our hands, yes we would be happy to forward them.

Alderman Guinta stated secondly, I believe last night during the expendable trust discussion, which I think is a total of \$175,000, the term catastrophic need or catastrophic loss was discussed in some of the justification for having an expendable trust. Let me ask you this, does it make sense to spend \$175,000 in expendable trust instead of or rather than \$160,000 in what I'm hearing from you as preventative maintenance and if you want to put a number on it I think people have said \$40 million of the \$105 [million] was due to lack of preventative maintenance? Does it make sense to you that we would spend \$175,000 in an expendable trust for a "catastrophic need" as opposed to \$160,000 in general maintenance?

Chairman O'Neil interjected Alderman, I don't know if that's a fair question for them. That's a question for the School Board.

Mr. Thomas stated I think I understand what you're saying and my response to that is I think preventive maintenance has to go hand in hand with corrective. The more emphasis you put on preventive maintenance the greater you're doing to reduce the need for the corrective maintenance or the catastrophic. But you still need to have both pots of money somewhere along the line.

Alderman Guinta stated I think the only...I would agree with your statement and the point that I would reiterate is, one of my colleagues said last night that nobody on this board would not provide financial assistance to the School Board if a catastrophic need arose. I think that we need to keep that in perspective and I think everybody would agree with that statement that was made last night that if there is a catastrophic need on the School side, we would do our very best to ensure the financial requirements as a result of that catastrophic happening or circumstance. I guess my point is if you've got \$175,000 and you're telling me we need \$160,000 for maintenance, let's think long and hard about putting it where it makes the most sense.

Alderman Shea asked may I respond quickly, because I made that in terms of catastrophic problems? One has to realize that if one is comparing apples to apples, Alderman Guinta is absolutely correct. One has to remember that if something isn't in the budget and is not funded in the budget, you can not say that \$175,000 that is not in the budget is comparable to \$160,000 of preventive

maintenance that would be in the budget. We're talking about two distinct things so you have to separate that.

Chairman O'Neil stated I'm not sure we need to bring the folks from Public Works into this debate. Chairman, if I may, I'd like to go to Alderman Gatsas and no debate please. Can we just ask a question of Frank?

Alderman Gatsas asked Mr. Tim Clougherty, can you tell me that there are 14 schools under construction? How many square feet is that? Roughly out of the 2 million?

Mr. Tim Clougherty answered 1.4 million [square feet].

Alderman Gatsas stated 1.4 million [square feet]. This is full-blown construction and renovations that you're going to be doing for at least the next 70 days?

Mr. Tim Clougherty answered yes.

Alderman Gatsas asked would you agree that you aren't going to be doing any maintenance in those buildings for those 70 days? You aren't going to have...

Mr. Tim Clougherty answered I think that would be fair to say.

Alderman Gatsas stated you're not going to have earmarked in there at \$.62 cents a square foot to do any maintenance for some 70 days, are you?

Mr. Tim Clougherty answered we're actually ripping out a lot of the equipment.

Alderman Gatsas stated so if we take a look at that number and we annualize your \$.63 cents per square foot, and we come back to your 2 million [square feet], we're really doing \$1.2 million of maintenance in a 10 month period. I'm saying 10, it could be a little less on either side. I'm saying 70 days full blown construction. So that probably runs your numbers of per square foot cost at a higher than \$.80 cents per square foot. So wouldn't it be fair to say that we could eliminate or you could put into your budget number, as you showed us when you said the Aldermen's budget from last night, that those numbers would suffice because you aren't doing maintenance on better than 50 percent of the buildings in this City for 70 days at least.

Mr. Tim Clougherty responded no, I don't think that would be fair to say. Because a good portion of that 1.2 million square feet is our high schools. Central High School, West High School, and Memorial High School. We're doing a lot of flooring projects there, doing a lot of paint, obviously additions, we're not doing a

lot to the HVAC systems that exist at Central High School because we're already done that. Same with the electrical systems at Center. West High School we still have maintenance to do on the mechanical systems there as well as the electrical systems that have been updated. Memorial High School, a portion of those have been replaced, we still have maintenance needs on the stuff that remains. Also, we're currently under contract with ARAMARK for the preventive maintenance as it's spelled out in the FY 2004 budget.

Alderman Gatsas stated but in the private sector, you would never be paying somebody to clean square footage that's totally under construction.

Mr. Tim Clougherty replied I'd like to think that we're treated the same whether we're private employees, if you will, or municipal employees.

Alderman Gatsas stated I could tell you the private sector would never think... Mr. Thomas you made a very good statement. Your statement was, and I guess I'm going to ask you for your opinion, because a lot of the board members in here value department head's opinions. You're saying that we as a city are investing \$105 million in building projects.

Mr. Thomas replied that is correct.

Alderman Gatsas continued and you have no maintenance contract.

Mr. Thomas replied we have...it's a year to year...no, we don't a maintenance contract per say.

Alderman Gatsas asked now wouldn't it be...I'm going to ask you a direct questions, you as being the Director so Public Works, wouldn't you suggest that if we're making \$105 million investment that we have a contract that says we are going to spend X amount of dollars of the maintenance and upkeep of those projects?

Mr. Thomas answered I believe there should be a plan that's agreeable to everybody, yes.

Alderman Gatsas stated because your statement to Alderman Shea or his statement to you was, we give them a bottom line. So if the School District only wants to spend instated of \$6 million spend \$4 million on maintenance, that \$105 million project that we're all spent a lot of money to appropriate by the taxpayers to move forward, wouldn't be maintained at the level that you would expect it to be or would it be?

Mr. Thomas responded there's a potential of that, correct.

Alderman Gatsas asked so would you tell this board that it would be your best assumption and advice to this board that we have some sort of agreement before we as a board agree to any budget number by the School Department?

Mr. Thomas answered I think I've stated that.

Chairman O'Neil stated I have to say that I think it's great that the Board's been having this discussion about school building maintenance. It's the first time in a long time that...I guess we have a lot of catching up to do, so you want to take a shot at it Frank and if we can't finish up, we can back next week.

Mr. Thomas stated this is the Highway Department budget. What is shown here are the salary and benefit increases. As you can see, salary went up \$200,000, no increase in overtime, total increase in salary line item is \$232,000. It represents a 1.2 percent increase in our operating budget. That increase is made by steps, longevity, and the new graffiti employee. We are in the process of buying the equipment for graffiti removal in the facility and that would be the manpower. The next item is benefits, retirements, insurance. That group of line items has increased \$408,000; that represents a 2.24 percent increase in our total operating budget. Just a couple of the line items; retirement is funded at the FY2004 level, but has the actual charge of FY2004, which means an increase in this year's budget of \$283,000. Insurance CGL has gone up \$70,711. Expenses; solid waste tonnage and CIP is increasing, this is a line item increase by 3.87 percent, street lighting has gone up by 4.1 percent, that's a rate increase noted to us by PSNH, and then we have gas and fuel increases averaging about 10 percent of that line item. Total increase of expenses to our entire budget is 1.37 percent. So if you summarize increase in the Mayor's budget, we have salary 1.27 percent, benefits 2.24 percent, expenses 1.37 percent, total increase of 4.88 percent and that's the increase. And quite frankly, that's a level budget. There's nothing really been added to this budget except for that one graffiti employee. So these are all pretty much fixed costs that we have. I always make a pitch for this; I would be remiss if I didn't. I'd like consideration from the Board for increased funding for resurfacing. Right now we have 400 miles of streets, we have our present allocation of \$550,000. If you remember that \$550,000 is being generated by what I call I surcharge on auto registration. When that was introduced by the Board of Mayor and Aldermen, that was supposed to be added on to the existing level of street resurfacing funds. However, that existing level of street resurfacing funds have been eliminated over the years and now we only have what we collect on auto registration. The cost to resurface a mile of street is about \$61,000. At the \$550,000 we're doing about 9 miles of street a year. What that represents is a resurfacing cycle, and I have to chuckle because it keeps getting bigger every year,

we're up to 45 years, so if you're street was resurfaced this year in front of your house, in 45 years you may see it resurfaced it again, but we keep upping that number. As a minimum I would like, and we did have it back a few years, a total of \$850,000 for resurfacing, the \$550,000 that's in the CIP and another \$300,000 in our operating budget. At least that would allow us to resurface approximate 14 miles of street a year, which would reduce the resurfacing cycle down to 29 years. The recommended average is between 20 and 25 for resurfacing a street. Closer to 20 the books will tell you.

Alderman Gatsas asked Frank, the resurfacing are you looking...what is the life...Kevin, what is the life capacity of a resurfacing job? From an accounting point of view, what is the life expectancy of resurfacing?

Mr. Kevin Clougherty replied we don't look at it as a life. It's really an engineering question. It's really seen as a...

Mr. Thomas interjected I might be able to respond.

Alderman Gatsas interjected let me ask him the next question. How much does \$550,000 cover for debt service for a 5 year period?

Mr. Kevin Clougherty answered you could borrow \$5.5 million.

Alderman Gatsas asked so we could borrow \$5.5 million and pay it back on a 5-year amortization?

Mr. Kevin Clougherty answered with current rates it might be close to...but again Alderman, you're assuming that that's a good investment and practice to go out and bond maintenance and that's not regarded as a good practice by the rating agencies.

Alderman Gatsas stated no, what I'm looking to do is if we can do, and I think it's going to enhance Frank because it's certainly a different way of doing it, that if we could do \$5.5 million, you could resurface 100 miles in a 5 year period if we bonded it and be done with it on a resurfacing. Take that \$550,000 over a 5-year period, and we could do 100 miles of resurfacing and meet your expectations in somewhere of the vicinity of 15 years.

Mr. Thomas replied whatever you're saying sounds good to me.

Mr. Sherman added yes you can, but you've just added on 10 percent interest charge and if you're going to have a cost that you're going to incur every year.

Alderman Gatsas stated but Frank can't do 100 miles in one year.

Mr. Sherman stated well that's my point. Why would you want to bond it and add on the interest charge?

Alderman Gatsas stated so you probably wouldn't but you certainly are going to do more than 1 mile.

Chairman O'Neil stated can I make a recommendation, we have about 2 minutes and has one more slide to present, let him make the presentation and if we need to we'll ask Public Works to come back for questions.

Mr. Thomas stated the last slide for your consideration would be a budget addition in the overtime area. Back in FY2003 we had a number for overtime of \$812,000. Now if you multiply that number by the COLAs and merits that have been given out over that period of time, by rights for FY2005 we should have an overtime figure of \$891,000. This year we're level funded with 2004 with \$762,000. That's lost dollars in my estimation of about \$130,000. That's equivalent to lost man-hours of about 5,000 hours. 5,000 hours equates to 3 to 4 snowstorms, so the point I'm trying to make is overtime has been staying pretty much the same but we have eroded the overtime man-hours through escalations and merits and COLAs and so we are losing time to be able to address things like snowstorms.

Chairman O'Neil stated Your Honor, we note that it's almost 7:00PM, I'm sure there's some questions.

Mayor Baines stated we could recess the Finance meeting, do the Public Forum, and then reconvene the Finance meeting.

Mayor Baines called for a recess in the meeting.

Mayor Baines called the meeting back to order. Alderman O'Neil why don't you continue to Chair since you have been.

Alderman Guinta stated Frank, when we left off we were talking about resurfacing. Can you identify for me the contributing factors that require road resurfacing? Obviously it's road usage.

Mr. Thomas replied it's actually age. Asphalt is what we call a flexible pavement is like a rubber band. It expands and contracts with weather conditions. Over a period of time as a result of that expanding and contracting, cracks develop. Now if you don't have an aggressive maintenance of sealing those cracks, water gets in through those cracks, gets in under the pavement, freezes and thaws, breaks the



bond of the asphalt to the base material, where those cracks are usually you'll see potholes develop and once they develop you have to resurface. So again, it's the fact that it's a flexible pavement. And that's why the sooner you can resurface a brand new street, you're reducing that aging, that wearing out of the pavement and you're getting to it before there's a substantial amount of cracking and water damage.

Alderman Guinta asked and the funds that are dedicated to resurfacing, from what fund...is that out of the general fund or is that out of a different fund?

Mr. Thomas answered it is a CIP cash but the funds are generated by like a surcharge is put on auto registrations, I think it was \$3.00 or something like that.

Alderman Guinta asked do we know how long that surcharge has been at that level?

Mr. Thomas answered the level is set by State law and I believe it's \$3.00.

Alderman Guinta asked was that recently increased?

Mr. Thomas answered no, it hasn't been recently increased.

Alderman Guinta asked was it increased 2 or 3 years ago?

Mr. Thomas answered no it wasn't. Not that I'm aware of and certainly the City hasn't increased it.

Alderman Shea stated Frank, you made reference to the fact that previous to this surcharge the roads were funded by what?

Mr. Thomas answered typically we're averaging...

Alderman Shea interjected no, what was the source of funding?

Mr. Thomas answered the general fund.

Alderman Shea asked where did that money come from? I thought that at one time it came from portions of the rooms and meals taxes. Was it in that Kevin? I know one year we did take \$400,000 out of the rooms and meals for that. Didn't we?

Mr. Thomas stated that is correct, you did.

Alderman Shea stated now we can not use that any more because all those funds are devoted to the Verizon. Frank, I wanted to ask if I may the increase in steps and longevity, is that connected to the Yarger-Decker? That doesn't include any COLA?

Mr. Thomas replied the increase in salary is just steps and longevity. That is correct. COLA has not been built into the budget.

Alderman Shea stated and the discussion came up last night regarding retirements and you made reference to the fact that \$282,794 is 2004 level funding but you have to include that in the 2005 budget, is that correct?

Mr. Thomas answered no. What happened in 2004 we were...don't quote me exactly on these numbers...in 2004 we were funded for retirement at about \$250,000 or \$260,000. That was a number that was given to us in our budget. When we were charged the cost of retirement, it was double what we were allocating and if you remember I had written a letter to the Board of Mayor and Aldermen last fall saying that if I have a bad winter potentially I was going to be in trouble, well in this budget they funded me in 2005 at the level that I should have been funded at last year and that represented the \$282,000 increase in this year's budget.

Alderman Shea stated the 2005 budget is the budget of \$282,794, is that what you need for retirements in 2004 that you're asking?

Mr. Thomas answered in 2004 I was funded approximately \$280,000. I was billed or money was taken out of my budget of \$556,000. So I was about 100 percent under funded in that line item in FY 2004. Moving into 2005 budget, I am now being funded a total of \$565,000, which is about what I should have had this year, which represents an increase in my 2005 budget of about \$282,000.

Alderman Shea asked so you're asking for \$282,000 for 2005 because you were under funded in 2005 from \$555,000 to minus...

Mr. Thomas stated I'm not asking, that is what the Mayor gave me in his budget. An increase in that line item of \$282,000.

Alderman Shea stated to make up the difference between what you put in and what you need. Is that right?

Mr. Thomas answered that's correct. So basically that item is being level funded but represents an increase in the 2005 budget of \$282,000.

Alderman Osborne stated I just want to take a minute here just to go back maybe 20 years when I was an Alderman for a couple of terms back in the early 1980s with Mr. Hank Thibault. If he can remember, we always set aside roughly that amount \$900,000 for paving, which will give it about a 25 year recycle now, but then maybe it was 20 [years]. And I don't see any reason why all the quivering over another \$300,000 here to bring the resurfacing back to par for the citizens of Manchester, who pay heavy taxes in this City and really don't see too much from it. I think \$300,000 out of our budget and I think that people will be more apt to agree with that rather than a lot of other things. So I'd like to see this funded where it should be at \$850,000 and earmarked as such and not touched whatsoever.

Alderman Garrity asked Frank, total number of employees in your department?

Mr. Thomas answered in Highway there is 182.

Alderman Garrity stated on the last page of your budget presentation it says that COLAs and merits, can you tell me how many of your employees got merits last year?

Mr. Thomas answered I can't tell you the exact number of employees, but the vast majority. I'd say about 85 to 90 percent would have gotten a merit increase.

Alderman Garrity asked can I get those numbers?

Mr. Thomas answered yes, we can furnish those to you.

Alderman Smith stated Frank, going back to resurfacing. You didn't bring out the point when working in this regards for 20 or 30 years, demand for surfaces such as gas, water, electric, does great damage to our streets. We can have a street paved and the next year somebody comes in builds a house, you have water, sewerage and electric and I know it does damage. I'd just like to go back, a newly constructed street is 20 years maximum and an overlay 10 [years]?

Mr. Thomas answered what we like to see is...the textbook would recommend resurfacing a new street approximately 20 to 25 years and so that should be the cycle. Once a street is resurfaced depending on how late that first resurfacing was to initial construction, it determines the life of the second resurfacing.

Alderman Smith stated but wouldn't you agree that a lot of damage is done by the demand of services from certain people like gas and water. We can put in a new street and the next six months they're digging it up and it might be a sewer repair or whatever.

Mr. Thomas stated that is correct and we do have a moratorium on that now. For a street that's resurfaced I believe it's a year or two before we allow a utility to go in and if a street is reconstructed it's even longer. However, even with this moratorium if there's a leak emergency situation, the utility still will go in and open up the street.

Alderman DeVries stated Frank, actually the comment would have been appropriate to follow up when Alderman Shea was speaking, but due to last year's fiasco and truly the light snow winter saved us on the pension funding fiasco that we could have had this 2004 budget. One of my first phone calls was to the City Trustees of the pension system to ask them, they have a new actuary on board there and the good news for you is that their actuary is indicating that because the funds are improving and we all knew that the stock markets are improving and thus their investments are improving, that it will be certainly be no more that they can't guarantee yet that it will be less. So there could actually be a considerable savings for you before those checks arrive on your desk unsuspectingly. Maybe that will become some of the extra funding that will be able to transfer next spring into the additional resurfacing.

Mr. Thomas stated we'll take it.

Alderman Gatsas stated I don't want to blow a hole in that balloon that my colleague just sent up, but I can tell you the shortfall is going to be \$300,000 for the City and you're probably looking at an additional \$70,000 from City Finance right behind me. So Kevin, maybe you can chime up so that Frank doesn't get too excited about spending that money.

Mr. Kevin Clougherty stated that's right. The Mayor's budget included the amount based on the prior year because he did not have in his hands an actuarial from the City contributory retirement system. The draft valuation hasn't been finalized, but the draft shows that there's probably Citywide an increase in the 2005 contribution of about \$500,000. Now a piece of that is Airport, a piece of that is Water, a piece of that is the enterprises, so it will probably be around \$300,000, I would guess, of dollars that would have to be included above and beyond what the Mayor has in his budget. Now again, until we see the final numbers Alderman, we'll reserve a comment. That was what I got from the meeting of the Trustees on Tuesday.

Alderman DeVries stated certainly mine was from the first report that came from the Trustee, which is about a month old now. It said they were feeling more favorable and now they're starting to flop backwards.

Mr. Kevin Clougherty replied well what happens is with the actuarial effort they're going in and refining numbers and they're taking a look at actuals in terms of what the pension requirement is. And they're taking a look at the details of salaries and increase in personnel and those things have an affect on growth. You would think that with 22 percent earnings from last year that we'd be in the positive, but they're spreading out their gains and losses over a multiple year period and that has an affect. So again, the final draft that I'm aware of as of early this week is that there may be a few hundred thousand dollars more to the general fund that we'll have to be looking at.

Alderman Gatsas asked so the total number that you're looking for Frank?

Mr. Thomas answered I'm not looking for it, the Mayor did fund it in my budget. I was just indicating...

Alderman Gatsas stated let me just ask you the question. The total increase that you're looking for is \$890,000? Is that correct?

Mr. Thomas answered that is correct.

Alderman Gatsas asked so that \$890,000 is going to be cut by \$70,000 is that's what you're pension obligation is. So you're going to be looking to fill the hole before you even start as you did last year. Let me ask you another question. If somebody appropriated you \$5 million for road resurfacing, how many miles of road do you think you could get done in a 5-year period and would you have the capacity to do that yourself or would you have to outsource it?

Mr. Thomas answered I would have to outsource a portion of that.

Alderman Gatsas asked and how many miles of road do you think you could complete in a 5-year period?

Mr. Thomas asked by in house and contracting out? You give me the money and I'll spend it.

Alderman Gatsas stated well you need to give me an idea how much you can spend, because obviously if you outsource it, does that mean we could get based on your analysis, we could get somewhere in the vicinity of roughly 100 miles of road. If you outsourced that could you go to 120 miles of road because of that bulk spending? How about if you get back to me with a number because Chairman O'Neil is looking at the clock behind me.

Mr. Thomas stated let me do that.

Chairman O'Neil stated before we adjourn is it the intent do you want to try to work the schedule to have Frank come back before us or are you generally pretty much all set with your questions. He knows the ones that he needs to get back to us on.

Mr. Thomas stated let me get the answers back to the Board and if at that time you want me here again, I'll be delighted to.

Alderman Lopez stated just one question. Could you give us also Frank a position paper in reference to if the School Department is going to take over the trash and their indication they are going to save \$100,000, what happens to your truck, your personnel and all of that stuff so that we understand the whole mechanism here.

Mr. Thomas replied certainly, but the quick response is there's a \$160,000 reduction in transfer and disposal, that's offset by revenue of \$160,000, so there's no net gain or loss. We don't have one truck that's allocated to just picking up the schools.

Alderman Lopez stated just give it to us.

Mr. Thomas replied certainly.

There being no further business to come before the committee, on motion of Alderman Smith, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee